100th Congress, 1st Session - - - - - - - - - - House Document 100-77

ACCORDING GREENLAND PREFERENCES

MESSAGE

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

NOTIFICATION OF HIS INTENTION TO ADD GREENLAND TO THE LIST OF BENEFICIARY DEVELOPING COUNTRIES UNDER THE GENERALIZED SYSTEM OF PREFERENCES (GSP), PURSUANT TO 19 U.S.C. 2462(a)

MAY 19, 1987.—Message and accompanying papers referred to the Committee on Ways and Means and ordered to be printed

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To the Congress of the United States:

This is to inform you of my intent to add Greenland to the list of beneficiary developing countries under the Generalized System of Preferences (GSP).

On behalf of Greenland, the Government of Denmark has requested that GSP benefits be extended to Greenland. Prior to February 1985, Greenland was part of the European Community (EC) and thus not eligible for duty-free treatment under the GSP program. However, on February 1, 1985, Greenland was granted "home rule" by Denmark and now has the status of an "Overseas Country and Territory" of the EC. Subsequently, Greenland is no longer in a customs union with the EC and is eligible for GSP treatment. We have carefully examined this request with respect to the criteria identified in sections 501 and 502 (b) and (c) of the Trade Act of 1974, as amended. In light of these criteria and particularly Greenland's level of development, I have determined that it is appropriate to extend GSP benefits to Greenland.

For your information, I am attaching a copy of the Government of Denmark's request that provides detailed information on Greenland relevant to the designation criteria of the Act.

This notice is submitted in accordance with section 502(a)(1) of the Trade Act of 1974, as amended.

RONALD REAGAN.

THE WHITE HOUSE, *May 19, 1987.*

ROYAL DANISH EMBASSY,
Washington, DC, February 4, 1987.

Hon. CLAYTON YEUTTER,
USTR, Washington, DC.

DEAR AMBASSADOR YEUTTER: Efforts have been undertaken by the Danish and the U.S. governments to enhance the economic cooperation between Greenland and the U.S. In this context I hereby—on behalf of the Danish Government—request that Greenland be accorded GSP-status in the United States.

At our meeting on June 16, 1986 I emphasized the importance we attach to this question. We consider the GSP-status could be an important element in providing the necessary export lead growth for a strengthening of the relatively weak industrial and technological bases which exist in Greenland today.

I hope the following information on the economy and trade policy of Greenland can be of some interest when you are considering the issue.

1. GNP per capita in Greenland is calculated to US$ 7,190 in 1984. Without a substantial amount of subsidies from Denmark (estimated to be approx. US$ 4,500 per capita) it would not have been possible to attain such a GNP per Capita-level. Greenland has a relatively low level of domestically generated income.

2. Before February 1985 Greenland was a part of the European Communities. Thus, Greenland was in customs union with the members of the European Community and could benefit from the free trade agreements between the Community and other West European countries.

Since February 1, 1985 Greenland has had the status of "Overseas Countries and Territories" in relation to the European Communities. This implies that Greenland has free trade relations with the EC. The following countries have granted Greenland GSP-eligibility:

—The EC accorded GSP-status to Greenland on February 1, 1985 for all the EC GSP-products except for fishery produce where a separate regime exists that is more advantageous to Greenland

—Japan accorded GSP-status to Greenland on April 1, 1985 for all Japanese GSP-products

As for the EFTA countries the situation is as follows:

—Norway and Iceland is giving duty-free treatment to fishery produce

—On December 4, 1985 Sweden and Denmark made an agreement whereby the trade regime between Sweden and the EC will apply to Greenland from February, 1985. Accordingly, Sweden is giving duty free treatment to fishery produce from Greenland

—Finland made a similar agreement on December 5, 1984. The products of interest to Greenland are shrimps and frozen fillets of flatfish

—Switzerland is considering to accord GSP-status to Greenland in the course of this year

—Negotiations with Austria are taking place.

After leaving the EC, Greenland was free to establish her own tariffs in relation to third countries, subject to tariff arrangements previously undertaken by the EC. However, Greenland has chosen to abolish tariffs for practically all goods. The only exception is mutton and substitutes. For fiscal purposes, tariffs are also collected on passenger cars and snow scooters. There are no quantitative restrictions or licensing schemes in Greenland.

Basic Danish legislation is applied to Greenland. Thus intellectual property rights, workers rights etc. are protected in Greenland as in Denmark. There are virtually no restrictions as to transfers of capital or constraints to investments or trade in services. There are exceptions, like shipping undertaken by the public sector to avoid prohibitive transport costs to remote settlements.

Sincerely yours,

EIGIL JORGENSEN,
Ambassador of Denmark.

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